
HOUSING AUTHORITY OF THE COUNTY OF MONTROSE, COLORADO

**FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

December 31, 2021



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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Housing Authority of the County of Montrose
Olathe, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Housing Authority of the County of Montrose as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Housing Authority of the County of Montrose's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Housing Authority of the County of Montrose, as of December 31, 2021, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority of the County of Montrose and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the County of Montrose's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Certified Public Accountants

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the County of Montrose's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the County of Montrose's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the County of Montrose's basic financial statements. The accompanying schedule of net position and schedule of individual program revenues, expenses, and changes in net position for all programs and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of net position and schedule of individual program revenues, expenses, and changes in net position and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the supplemental information-HUD REAC but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2022, on our consideration of the Housing Authority of the County of Montrose’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the County of Montrose’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the County of Montrose’s internal control over financial reporting and compliance.

Blair and Associates, P.C.

Cedaredge, Colorado
March 8, 2022

**Montrose County Housing Authority
Management's Discussion and Analysis
Year Ended December 31, 2021**

This narrative overview and analysis of the Montrose County Housing Authority (MCHA), performance through December 31, 2021 is provided as a supplement to MCHA year-end financial statements. Please read it in conjunction with the transmittal letter at the beginning of this report, the basic financial statements following this section and the notes to the basic financial statements.

Financial Highlights

- The assets of MCHA exceeded liabilities at December 31, 2021 by \$4.51 million. Of this amount, \$1.69 million (unrestricted net position) may be used to meet ongoing obligations and \$2.58 million is the net investment in capital assets.
- The MCHA total net position increased by \$ 5,472, up .1% from the prior year.
- Operating revenues increased \$17,168 from 2020 (1%).
- Operating expenses increased \$ 85,621 (4.8 %) in comparison to the prior year, primarily due to very little maintenance and repairs in 2020 because of the pandemic.
- Overall, capital assets, net of accumulated depreciation, increased by \$13,840. Depreciation costs were \$198,931.
- Total long-term debt decreased by \$18,460 from the prior year.

Overview of the Basic Financial Statements

This discussion and analysis is intended only to serve as an introduction to MCHA's basic financial statements. The MCHA financial statements are comprised of a series of *financial exhibits* highlighting the important statements found in most organizational audits, followed by *Notes to the Basic Financial Statements* that provide additional disclosure of some of the information in the basic financial statements.

The Statement of Net Position presents information on MCHA’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to whether the MCHA’s financial health is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position present information showing how MCHA's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported for some items that will only result in cash flows in future years.

The Statement of Cash Flows reports how MCHA's cash and cash equivalents were used in (and provided by) its operating, non-capital financing, capital and related financing, and investing activities during the periods reported. The net of these activities is added to the beginning year cash balance to reconcile to the cash and cash equivalents balances at December 31, 2021. The MCHA uses the direct method of presenting cash flows, which includes a reconciliation of operating activities to operating income. These statements provide answers to such questions as where cash came from, how cash was used, and what was the change in the cash balance during the year.

Notes to the Basic Financial Statements provide financial statement disclosures that are an integral part of the basic financial statements. Such disclosures are essential to comprehensive understanding of the information provided in the basic financial statements.

Financial Analysis

Net Position is summarized in the table below:

	2021	2020
Current assets	\$ 1,215,355	\$ 1,197,970
Restricted assets	221,535	253,659
Other investments	557,346	557,346
Capital assets, net	2,672,737	2,658,897
Total assets	4,666,973	4,667,872
Current liabilities	84,002	71,479
Noncurrent liabilities	70,707	87,111
Total Liabilities	154,709	158,590
Investment in capital assets, net of related debt	2,607,397	2,575,100
Restricted for debt service and vouchers	227,946	253,339
Unrestricted	1,676,921	1,678,353
Total net position	4,512,264	4,506,792

The MCHA’s current ratio reflects the relationship between current assets and current liabilities and is a measure of MCHA’s ability to pay short-term obligations. At December 31, 2021 MCHA’s current ratio is 14:1.

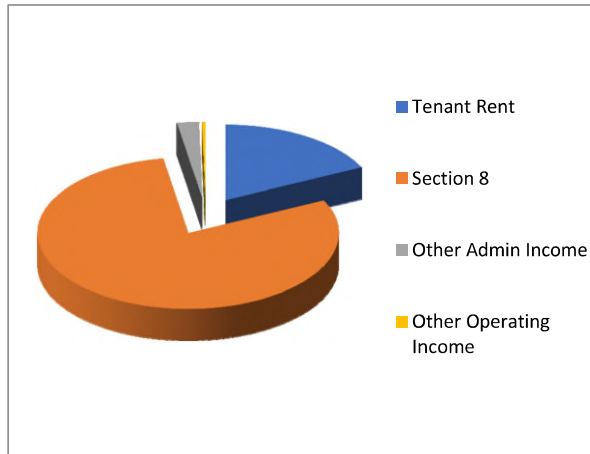
A large portion of MCHA’s net position consists of its investment in capital assets net of outstanding related debt. Excluding related debt, MCHA’s ownership interest in its capital assets is (98%) of over \$2.67 million total capital assets. MCHA utilizes the capital assets to fulfill its mission of providing low-income housing for the residents of Montrose County.

Changes in net position are summarized in the table below:

	2020	2021
Operating Revenues	\$ 1,854,033	\$ 1,871,201
Operating Expenses	<u>1,781,802</u>	<u>1,867,423</u>
Operating (loss) income	72,231	3,778
Nonoperating revenues (expenses)	<u>51,157</u>	<u>1,694</u>
Change in net position	123,388	5,472
Net Position, January 1	<u>4,383,404</u>	<u>4,506,792</u>
Total Net Position December 31	<u><u>\$ 4,506,792</u></u>	<u><u>\$ 4,512,264</u></u>

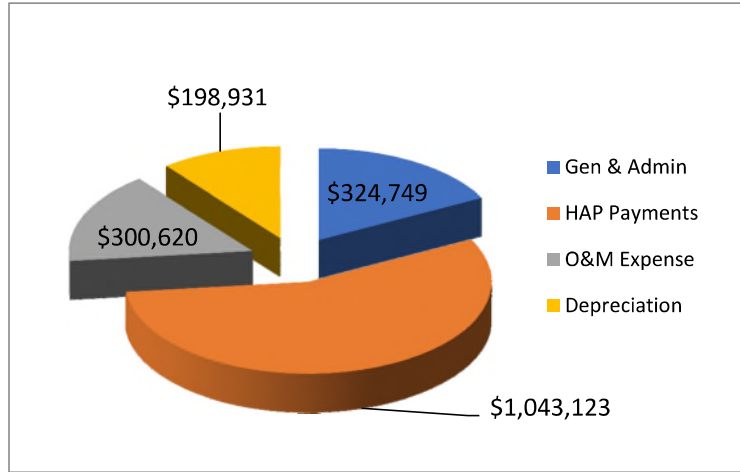
Operating Revenues by Source

Tenant Rent	\$ 334,546
Section 8	1,486,696
Other Admin Income	43,931
Other Operating Income	6,028
	<u><u>\$ 1,871,201</u></u>



Operating Expenses by Source

Gen & Admin	\$ 324,749
HAP Payments	\$1,043,123
O&M Expense	\$ 300,620
Depreciation	\$ 198,931
	<u>\$1,867,423</u>



Capital Assets

	2020	2021
Land	\$ 506,844	\$ 578,203
Building	5,032,235	5,161,055
Vehicle	14,400	14,400
Furniture & Equipment	84,056	96,648
Total Capital Assets (being depreciated)	<u>5,130,691</u>	<u>5,272,103</u>
Less: Accumulated Depreciation	<u>(2,978,638)</u>	<u>(3,177,569)</u>
Capital Assets being depreciated	<u>2,152,053</u>	<u>2,094,534</u>
Net Capital Assets	<u>\$ 2,658,897</u>	<u>\$ 2,672,737</u>

Additional Information on MCHA’s capital assets can be found in **Note D** to the basic financial statements.

Debt Administration

	2020	2021
Mortgage Payable	<u>\$ 83,800</u>	<u>\$ 65,340</u>

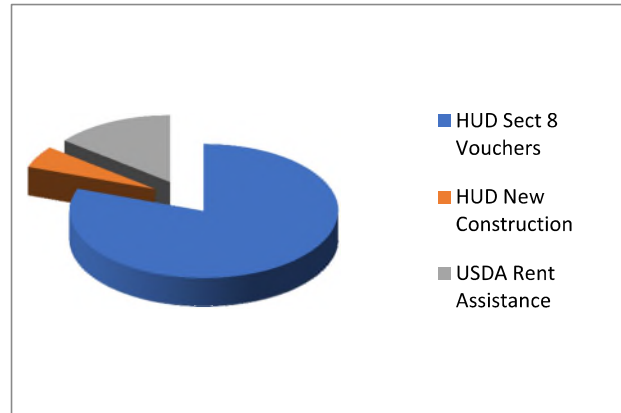
All debt service payments were made in 2021 as scheduled.

Additional information on MCHA’s long-term debt can be found in **Note E** to the basic financial statements.

Federal Subsidy Utilization

SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS - 2021

HUD Sect 8 Vouchers	\$	1,262,439
HUD New Construction		82,902
USDA Rent Assistance		225,155
		\$ 1,570,496



Management Analysis and Comment

Organizational Structure

The housing authority is a quasi-government business entity, organized around a 5-member board of commissioners, all individually appointed to serve 5-year terms by the 3-member Board of County Commissioners. The housing authority appoints an Executive Director, their sole employee, to carry out the mission of the housing authority. The board is ultimately responsible for providing oversight and governance of the housing authority. The board meets monthly on the last Wednesday of each month. Penny Harris is the Chair of the Board, Ann Morgenthaler is the Vice Chair, Don Varey is the County Representative on the board. Other Board Members are Mike Hoffman and Virgil Turner.

As a quasi-government business entity, MCHA is highly regulated and governed by the federal government through Housing and Urban Development (HUD), state government through the Colorado Division of Housing, as well as the local board of county commissioners. In addition, MCHA reports to each private or public funding agency with whom we maintain a financial relationship such as the Colorado Department of Local Affairs for community development block grants, the U.S.D.A. Rural Development for farm labor housing grants, the Colorado Division of Housing for HOME funds, and Colorado Housing Finance Authority (CHFA) for tax credit issues. MCHA is classified as a 501(c)(3) non-profit corporation.

2021 Highlights

- The number of Housing Choice Vouchers leased up averaged 191 each month, this number includes the VASH (Veteran’s Administration Supportive Housing) vouchers.
- Because the vast majority of our voucher holders are elderly and/or disabled, we continued to have only a few participants that experienced income loss due to the pandemic. We only experienced about 30% of our normal voucher turnover during 2021.

Respectfully Submitted,

Susan Barrientos
Executive Director
Montrose County Housing Authority

Request for Information

The financial report is designed to provide the reader with a general overview of MCHA's finances. Questions concerning any of the information provided in this annual audit or requests for additional information should be addressed to:

**Montrose County Housing Authority
Susan Barrientos, Executive Director
222 Hap Court
Olathe, Colorado 81425**

Housing Authority of County of Montrose, Colorado
Statement of Net Position
December 31, 2021

Assets	
Current assets	
Cash and investments	\$ 1,215,355
Accounts receivable, less allowance of \$0	-
Total current assets	1,215,355
Noncurrent assets	
Restricted cash and investments	
Tenant security deposits	28,212
Loan reserves	193,323
Total restricted assets	221,535
Other	557,346
Capital assets, Net of Accumulated Depreciation	2,672,737
Total noncurrent assets	2,672,737
Total assets	4,666,973
Liabilities	
Current liabilities	
Accounts payable	30,430
Unearned Revenue	15
Accrued Payroll	8,745
Security deposits held	28,191
Current maturity of long-term debt	16,620
Total current liabilities	84,001
Noncurrent liabilities	
Compensated Absences	21,987
Long-Term Debt	48,720
Total noncurrent liabilities	70,707
Total liabilities	154,708
Net position	
Net investment in capital assets	2,607,397
Restricted for debt services and replacements	193,323
Restricted for Vouchers	34,623
Unrestricted	1,676,921
Total net position	\$ 4,512,264

The accompanying notes are an integral part of these financial statements

Housing Authority of County of Montrose, Colorado
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2021

Operating revenues	
Tenant rent income	\$ 334,546
Rent income- HUD/USDA	1,486,696
Other administrative income	43,931
Other operating income	6,028
Total operating revenues	<u>1,871,201</u>
 Operating expenses	
General and administrative	324,749
Housing assistance payments	1,043,123
Maintenance and operations	300,620
Depreciation	198,931
Total operating expenses	<u>1,867,423</u>
 Net operating income (loss)	 3,778
 Nonoperating revenues (expenses)	
Interest income	330
Interest Subsidy	2,142
Interest expense	(778)
Total non-operating revenue (expense)	<u>1,694</u>
Change in net position	<u>5,472</u>
 Net position at beginning of year	 <u>4,506,792</u>
Net position at end of year	<u><u>\$ 4,512,264</u></u>

The accompanying notes are an integral part of these financial statements.

Housing Authority of County of Montrose, Colorado
Statement of Cash Flows
For the Year Ended December 31, 2021

Cash flows from operating activities	
Cash received from housing assistance and rent payments	\$ 1,821,741
Other operating receipts	49,959
Tenant security deposits received/refunded	2,546
Cash paid to suppliers	(1,362,073)
Cash paid to employees	(297,206)
Net cash provided (used) in operating activities	<u>214,967</u>
Cash flows from capital and related financing activities	
Purchase of capital Asset Improvements	(212,771)
Principal Payments of Debt	(16,315)
Interest Paid	(778)
Net cash provide by noncapital financing activities	<u>(229,864)</u>
Cash flows from investing activities	
Interest received	330
Net cash provided (used) in investing activities	<u>330</u>
Increase (decrease) in cash and cash equivalents	<u>(14,567)</u>
Cash and cash equivalents at beginning of year	<u>1,451,457</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,436,890</u></u>
Reconciliation of net operating income to net cash Provided (used) in operating activities:	
Net operating income (loss)	\$ 3,778
Adjustments to reconcile operating income (loss to net cash)	
Provided (used) by operating activities	
Depreciation	198,931
(Increase) decrease in accounts receivable	499
Increase (decrease) in accounts payable	9,303
Increase (decrease) in compensated absences	2,348
Increase (decrease) in security deposits	2,546
Increase (decrease) in accrued liabilities	(2,438)
Total adjustments	<u>211,189</u>
Net cash provided (used) in operating activities	<u><u>\$ 214,967</u></u>

The accompanying notes are an integral part of these financial statements

Housing Authority of the County of Montrose, Colorado

Notes to Financial Statements

December 31, 2021

Note A- Summary of Significant Accounting Policies

The accounting policies of the Housing Authority of the County of Montrose, Olathe, Colorado (Authority) conform to accounting principles generally accepted in the United States of America (US GAAP) as applicable to governments. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Reporting Entity

The Authority was established in 1981 under State of Colorado statute and is governed by a five-member Board of Commissioners. As required by US GAAP, these financial statements present the activities of the Authority.

Olathe Meadows consists of 24 rental units. The Authority has a housing assistance payment contract with U.S. Department of Housing and Urban Development (HUD) renewable annually in February of each year. Under the contract, HUD pays the Authority the difference between the established rental value of the units and the amount paid by the tenants. The tenants' share of the rent is based on their income.

Family Housing Duplexes consist of 24 rental units. The Authority receives rental subsidies from U. S. Department of Agriculture under the rural rental assistance payments program. The program provides rental assistance for agricultural workers.

Colorado Division of Housing consists of 90 units under contract. This program provides rental assistance to low-income families.

Section 8 Housing Choice Vouchers program administers 178 vouchers under the HUD Rental Assistance Program. This program provides rental assistance to low-income families.

Barbara Courts consists of 24 rental units. The Authority receives rental subsidies from the U. S. Department of Agriculture under the rural rental assistance payments program. Of the 24 units, 21 are subsidized, while the other 3 units are also offered to low-income families at a rate set by USDA/Rural Development.

Rental Properties consist of 7 housing units, 1 commercial unit and 1 land lease in Olathe and Montrose. The Authority receives rental income on these units.

The Board of Commissioners is appointed by the Montrose County Board of Commissioners and has total control of financial resources, can purchase or sell property, enter into contracts and acquire indebtedness on behalf of the Authority. The Authority is the primary government. The Authority has no component units.

Housing Authority of the County of Montrose, Colorado

Notes to Financial Statements

December 31, 2021

Note A- Summary of Significant Accounting Policies - Continued

Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Authority are organized and operated on the basis of a proprietary fund. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The Authority has implemented GASB No. 34 and related statements. Since the operations of the Authority are accounted for on a fund basis in a single enterprise fund, it is the only fund presented. A description of the fund type used by the Authority follows:

Proprietary Fund - is used to account for those operations that are financed and operated in a manner similar to private business. Activities of the Authority are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Basis of accounting refers to when revenues or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Proprietary funds are presented on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of a fund are included on the statement of net position. Net position is categorized as net investment in capital assets, restricted for debt service and Voucher expenses, and unrestricted. Fund operating statements present increases (e.g., revenues and contributions) and decreases (e.g., expenses) in net position. Proprietary funds are presented on an accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. The Authority uses the accrual basis of accounting. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first.

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services within the scope of the enterprise operation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Revenues from grants are recognized in the year in which all eligibility requirements have been satisfied.

Budgetary Control and Authority

The Board of Commissioners of the Authority adopts, by vote, an annual budget for each fund or project of the Authority. The budget adoption process is not authorized by constitution, charter, statute or ordinance. Fund budgets are adopted to provide internal financial management and oversight control.

Housing Authority of the County of Montrose, Colorado

Notes to Financial Statements

December 31, 2021

Note A- Summary of Significant Accounting Policies - Continued

Assets, Liabilities and Equity

Cash and Cash Equivalents

The Authority's cash and cash equivalents are considered to be unrestricted and restricted cash on hand and demand deposits.

Fair Value of Financial Instruments

The Authority's financial instruments include cash and cash equivalents, investments, prepaid expenses, accounts and notes receivable, accounts payable, and debt. The Authority estimates that the fair value of all financial instruments at December 31, 2021, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments or the nature of the debt.

Restricted Assets - Cash and Cash Equivalents

Certain cash accounts of the Authority are classified as restricted since their use requires the permission of the U.S. Department of Agriculture, Rural Development Administration (RDA) or the U.S. Department of Housing and Urban Development (HUD) or represents escrows.

Tenant Security Deposits

Tenant security deposits held by HUD and Rural Development Rental Housing projects are segregated in separate bank accounts.

Accounts Receivable

Management of the Authority considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Capital Assets

Capital assets of the Authority are recorded at cost if purchased or constructed. Capital assets have an initial cost of \$5,000 or more and a life greater than one year. Donated assets are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over their estimated useful lives of 7 to 40 years.

Housing Authority of the County of Montrose, Colorado

Notes to Financial Statements

December 31, 2021

Note A- Summary of Significant Accounting Policies - Continued

Assets, Liabilities and Equity- continued

Compensated Absences

The Authority's policy is to allow employees to accumulate a limited amount of earned but unused vacation leave which will be taken after the year end or paid upon termination.

Risk Management

The Authority is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years.

Estimates

The preparation of financial statements in accordance with US GAAP involves the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported revenues and expenditures during the reporting period. These estimates are based upon management's best judgment, after considering past and current events and assumptions about future events. Actual results could differ from those estimates.

Note B- Cash and Cash Equivalents

Cash

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. As of December 31, 2021, \$422,256 of the Authority's bank deposits were not covered by FDIC insurance but are covered by PDPA as explained above.

Housing Authority of the County of Montrose, Colorado

Notes to Financial Statements

December 31, 2021

Note B- Cash and Cash Equivalents - Continued

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest. The Authority is authorized to invest in obligations of the (1) U.S. Treasury, (2) obligations unconditionally guaranteed by U.S. agencies, (3) certain international agency securities, (4) types of bonds of U.S. local government entities, (5) bankers' acceptances of certain banks, (6) commercial paper, (7) written repurchase agreements collateralized by certain authorized securities, (8) certain money market funds, and (9) guaranteed investment contracts.

The Authority has invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. A designated custodial bank provides safekeeping and depository services to Colotrust in connection with the direct investment and withdrawal functions of Colotrust. Substantially all securities owned by Colotrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by Colotrust. Colotrust funds carry a Standard & Poor's AAAM rating. There is no custodial, interest rate or foreign currency risk exposure. COLOTRUST operates like a 2a-7 external investment pool and investments in the pool are valued at \$1 net asset value (NAV) per share. The underlying investments Held by ColoTrust are valued at fair value.

Cash and cash equivalents consist of the following at December 31, 2021:

Cash in Banks	\$ 858,357
Colotrust	<u>578,533</u>
	1,436,890
Less amounts restricted for tenant security deposits, specific expenditures, and loan reserves	<u>(221,535)</u>
	<u><u>\$ 1,215,355</u></u>

Note C- Restricted Net Position

Debt service, replacements, and unused Housing Assistance Payments (HAP) - the amounts represent the current balance of reserves mandated by the U.S. Department of Agriculture (USDA) for debt service and replacements and U.S. Department of Housing and Urban Development (HUD) for the Vouchers program unused HAP and escrow balances.

Housing Authority of the County of Montrose, Colorado

Notes to Financial Statements

December 31, 2021

Note D- Capital Assets

At December 31, 2021, capital asset transactions and balances include the following:

	Balance 12/31/2020	Additions	Dispositions	Balance 12/31/2021
Capital assets not being depreciated:				
Land	\$ 506,844	\$ 71,359	\$ -	\$ 578,203
Capital assets being depreciated:				
Building and improvements	5,032,235	128,820	-	5,161,055
Vehicles	14,400	-	-	14,400
Furniture and equipment	84,056	12,592	-	96,648
Total capital assets being depreciated	<u>5,130,691</u>	<u>141,412</u>	<u>-</u>	<u>5,272,103</u>
Less accumulated depreciation	<u>(2,978,638)</u>	<u>(198,931)</u>	<u>-</u>	<u>(3,177,569)</u>
Total capital assets being depreciated	<u>2,152,053</u>	<u>(198,931)</u>	<u>-</u>	<u>2,094,534</u>
Total capital assets, net	<u>\$ 2,658,897</u>	<u>\$ (127,572)</u>	<u>\$ -</u>	<u>\$ 2,672,737</u>

Note E- Long-Term Debt and other Long-Term Liabilities

The Authority has two mortgages payable to the U. S. Department of Agriculture, Office of Rural Development (formerly FMHA). The first mortgage has a monthly installment due of \$960, with an annual interest rate at 1.0%. This mortgage is collateralized by a lien on the apartments, on the real property and a security interest in rents, profits and reserve accounts. The second mortgage has a monthly installment due of \$464, with an annual interest rate at 1%. This mortgage is collateralized by a lien on the real property and a security interest in rents, profits and reserve accounts.

	Balance 12/31/2020	Additions	Reductions	Balance 12/31/2021	Due in one year
Compensated Absences	\$ 19,639	\$ 2,348	\$ -	\$ 21,987	\$ -
Loan 83-20	63,452	-	10,938	52,514	11,047
Loan 84-20	20,347	-	7,521	12,826	5,573
Total Business Activities	<u>\$ 103,438</u>	<u>\$ 2,348</u>	<u>\$ 18,459</u>	<u>\$ 87,327</u>	<u>\$ 16,620</u>

Housing Authority of the County of Montrose, Colorado

Notes to Financial Statements

December 31, 2021

Note E- Long-Term Debt and other Long-Term Liabilities -Continued

The following is a breakdown of the mortgage notes as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 16,620	\$ 475	\$ 17,095
2023	16,731	364	17,095
2024	12,952	251	13,203
2025	11,384	138	11,522
2026	7,652	29	7,681
	<u>\$ 65,339</u>	<u>\$ 1,257</u>	<u>\$ 66,596</u>

Note F- Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

Note G- Operating Subsidy- HUD

Existing Section 8 Voucher projects operate under annual contribution contracts with HUD whereby HUD reimburses the project for rent subsidy payments made for eligible participants and certain administrative expenses. Rent subsidy payments are determined under HUD guidelines, which require that an eligible participant pay rent only equal to a percentage of their income. The difference between the participant's actual cost of rent and the calculated maximum is paid by HUD through the project.

Note H- Rent Income

The Olathe Meadows project receives a substantial portion of their rental income from HUD under a Section 8 Housing Assistance Payment Contract. The project is subject to HUD guidelines which state that tenants can only be charged a monthly rental equal to a percentage of their income. The balance of the tenants' rent is paid by HUD under this Housing Assistance Payment contract.

The Family Housing Duplexes and Barbara Courts projects receive a substantial portion of their rental income from the U.S. Department of Agriculture (USDA) - Rural Rental Housing program. The projects are subject to Rural Rental Housing guidelines which state that tenants can only be charged a monthly rental equal to a percentage of their income. The balance of the tenants' rent is paid by the USDA under the Rural Rental Housing program.

Housing Authority of the County of Montrose, Colorado

Notes to Financial Statements

December 31, 2021

Note I- Defined Contribution Pension Plan

The Authority contributes to the Colorado Retirement Association through Montrose County, a multiple employer defined contribution plan (Plan). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. An agreement between the Authority and the Plan requires the Authority to contribute 3.0% of a participant's basic monthly salary. All full-time employees are required to participate. Plan provisions and contribution requirements are established by CRA and would have to be approved by Montrose County and the Authority.

The Authority made the required 3.0% matching contribution in the amount of \$6,946 for the year ended December 31, 2021. The Authority allocates employer contributions to the various programs based on participating employees directly attributable to that program.

The Plan had no investments in or loans to the Authority during the year ended December 31, 2021.

Note- J- Tax, Spending and Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The Authority believes it is in compliance with the requirements of the amendment. However, the Authority has made certain interpretations of the amendment's language in order to determine its compliance.

Note- K- Investments in Joint Ventures

The Authority is a special member in Sunshine Peak Apartments and Annex, a 91-unit multi-family housing low-income tax credit project. After completion of the 15-year low-income housing tax credit compliance period (August 31, 2022) and withdrawal of the non-managing member, Boston Capital, the project will be transferred to the Authority.

The Authority is a 49% member in Luckenbill San Juan Development LLC, whom is the managing member of the Sunshine Peak project and has a .01% interest in the Sunshine projects. A capital contribution was made during 2018 of \$557,346 to the LLC during 2018. There was no available cash flows in the projects per review of the projects audited financials. The fair value of the investment had no changes for year-end 2021.

Housing Authority of the County of Montrose, Colorado

Notes to Financial Statements

December 31, 2021

Note- K- Investments in Joint Ventures -Continued

During 2018 the Authority entered into an agreement to become a special limited partner with a .005% interest in Woodgate Trails, LLLP, the owner of the Woodgate Trails Apartments, a 50-unit low-income tax credit project. Starting in 2019 the Authority will receive from the partnership \$3,000 a year to be paid out of available cash flows when available. Any unpaid fee will be accrued and payable when cash flows are available. Unpaid fees will accrue 5% interest compounding annually. The Authority has no obligation to contribute capital or to pay/guaranty any obligations of the partnership. During 2021 the fee was paid.

In 2021 we entered into an agreement to become a special limited partner with .01% interest in Artspace Projects, Inc., the owner of Ridgway Space to Create, a 30-unit low-income tax credit project. In 2021 the Authority received \$5,000 and will receive from Artspace Projects, Inc., \$3,000 a year. This will go to closing this fall.

Housing Authority of County of Montrose, Colorado
Schedule of Net Position-All Programs
December 31, 2021

	General Administration	Olathe Meadows	Rental Properties	Family Housing Duplexes	Section 8 Vouchers	Barbara Courts	Eliminating Entries	Total
Assets								
Current assets								
Cash and Investments	\$ 597,146	\$ 229,841	\$ 2,608	\$ 80,453	\$ 256,416	\$ 48,891	\$ -	\$ 1,215,355
Accounts receivable	47,448	-	-	-	-	-	(47,448)	-
Total current assets	<u>644,594</u>	<u>229,841</u>	<u>2,608</u>	<u>80,453</u>	<u>256,416</u>	<u>48,891</u>	<u>(47,448)</u>	<u>1,215,355</u>
Restricted assets								
Tenant security deposits	-	3,550	8,056	10,143	-	6,463	-	28,212
Loan reserves	-	-	-	110,865	-	82,458	-	193,323
Total restricted assets	<u>-</u>	<u>3,550</u>	<u>8,056</u>	<u>121,008</u>	<u>-</u>	<u>88,921</u>	<u>-</u>	<u>221,535</u>
Other Investments	557,346	-	-	-	-	-	-	557,346
Capital assets	172,158	363,781	1,152,475	733,139	6,714	244,470	-	2,672,737
Total assets	<u>1,374,098</u>	<u>597,172</u>	<u>1,163,139</u>	<u>934,600</u>	<u>263,130</u>	<u>382,282</u>	<u>(47,448)</u>	<u>4,666,973</u>
Liabilities								
Current liabilities								
Accounts payable	20,188	6,829	16,687	8,109	16,809	9,256	(47,448)	30,430
Unearned Revenue	-	-	-	-	16	-	-	16
Accrued Payroll	8,745	-	-	-	-	-	-	8,745
Security deposits held	-	3,546	8,050	10,140	-	6,455	-	28,191
Current portion of long-term debt	-	-	-	11,047	-	5,573	-	16,620
Total current liabilities	<u>28,933</u>	<u>10,375</u>	<u>24,737</u>	<u>29,296</u>	<u>16,825</u>	<u>21,284</u>	<u>(47,448)</u>	<u>84,002</u>
Compensated absences	21,987	-	-	-	-	-	-	21,987
Long-term debt, net of current portion	-	-	-	41,466	-	7,254	-	48,720
Total Liabilities	<u>50,920</u>	<u>10,375</u>	<u>24,737</u>	<u>70,762</u>	<u>16,825</u>	<u>28,538</u>	<u>(47,448)</u>	<u>70,707</u>
Net position								
Net investment in capital assets	172,158	363,781	1,152,475	680,626	6,714	231,643	-	2,607,397
Restricted for debt service, housing expenses, vouchers, and revolving loans	-	-	-	110,865	34,623	82,458	-	227,946
Unrestricted	1,151,020	223,016	(14,073)	72,347	204,968	39,643	-	1,676,921
Total net position	<u>\$ 1,323,178</u>	<u>\$ 586,797</u>	<u>\$ 1,138,402</u>	<u>\$ 863,838</u>	<u>\$ 246,305</u>	<u>\$ 353,744</u>	<u>\$ -</u>	<u>\$ 4,512,264</u>

Housing Authority of County of Montrose, Colorado
Schedule of Revenues, Expenses and Changes in Net Position--All Programs
Year Ended December 31, 2021

	General Administration	Olathe Meadows	Rental Properties	Family Housing Duplexes	Section 8 Vouchers	Barbara Courts	Eliminating Entries	Total
Operating revenues								
Tenant rent income	\$ -	\$ 56,628	\$ 83,967	\$ 120,607	\$ -	\$ 73,344	\$ -	\$ 334,546
Rent income - HUD/USDA	-	82,902	-	73,635	1,262,439	67,720	-	1,486,696
Other administrative income	147,155	-	-	-	-	-	(103,224)	43,931
Other operating income	-	364	-	-	5,627	37	-	6,028
Total operating revenues	147,155	139,894	83,967	194,242	1,268,066	141,101	(103,224)	1,871,201
Operating expenses								
General and administrative	97,048	26,422	57,751	30,894	190,638	25,220	(103,224)	324,749
Housing assistance payments	-	-	-	-	1,043,123	-	-	1,043,123
Maintenance and operations	-	86,701	22,265	93,079	-	98,575	-	300,620
Depreciation	7,690	36,229	37,838	75,189	1,321	40,664	-	198,931
Total operating expense	104,738	149,352	117,854	199,162	1,235,082	164,459	(103,224)	1,867,423
Net operating income (loss)	42,417	(9,458)	(33,887)	(4,920)	32,984	(23,358)	-	3,778
Nonoperating revenues (expenses)								
Interest income	236	52	1	22	19	-	-	330
Interest Subsidy	-	-	-	-	-	2,142	-	2,142
Interest expense	-	-	-	(584)	-	(194)	-	(778)
Total non-operating revenue (expenses)	236	52	1	(562)	19	1,948	-	1,694
Change in net position	42,653	(9,406)	(33,886)	(5,482)	33,003	(21,410)	-	5,472
Net position at beginning of year	1,280,525	596,203	1,172,288	869,320	213,302	375,154	-	4,506,792
Net position at end of year	\$ 1,323,178	\$ 586,797	\$ 1,138,402	\$ 863,838	\$ 246,305	\$ 353,744	\$ -	\$ 4,512,264

Housing Authority of County of Montrose, Colorado
Schedule of Expenditures of Federal Awards
For the Years Ended December 31, 2021

	C.F.D.A Program Number	Amount of Expenditures
U.S. Department of Housing and Urban Development		
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	\$ 1,259,965
Section 8 Housing Choice Vouchers-Cares Funds-HCC)	14.871	2,474
Section 8 Project-Based Cluster		
Section 8 New Construction and Substantial rehabilitation	14.182	82,902
Total U.S. Department of Housing and Urban Development		1,345,341
U.S. Department of Agriculture		
Rural Rental Housing Loans	10.415	83,800
Rural Rental Assistance Payments	10.427	141,355
Total U.S. Department of Agriculture		225,155
Total Expenditures of Federal Awards		\$ 1,570,496

The accompanying notes are an integral part of this statement.

HOUSING AUTHORITY OF THE COUNTY OF MONTROSE, COLORADO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year ended December 31, 2021

NOTE A - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activities of the Housing Authority of the County of Montrose, Colorado. The schedule is presented in accordance with the requirements of Title 2 U. S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in these schedules may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE B – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

NOTE C – FEDERAL LOAN AND INSURANCE PROGRAMS

The Authority also participates in the following Rural Housing Service loan program, a direct program, through the U.S. Department of Agriculture-Rural Development Division:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Ending Balance of Direct Loans</u>
Rural Rental Housing Loans	10.415	\$65,340

NOTE D – INDIRECT COST RATE

The Authority has elected to not use the 10% de minimus indirect cost rate, as allowed under the Uniform Guidance.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the County of Montrose, Colorado
Olathe, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Housing Authority of the County of Montrose, Colorado, as of and for the year ended December 31, 2021, and the related notes to the financial statements, and have issued our report thereon dated March 8, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Housing Authority of the County of Montrose, Colorado's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Housing Authority of the County of Montrose, Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of Housing Authority of the County of Montrose, Colorado's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Certified Public Accountants

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Housing Authority of the County of Montrose, Colorado's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blair and Associates, P.C.

Cedaredge, Colorado
March 8, 2022



**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

INDEPENDENT AUDITOR'S

Board of Commissioners
Housing Authority of the County of Montrose, Colorado
Olathe, Colorado

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the County of Montrose, Colorado's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the County of Montrose, Colorado's major federal programs for the year ended December 31, 2021. Housing Authority of the County of Montrose, Colorado's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority of the County of Montrose, Colorado's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the County of Montrose, Colorado's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing Authority of the County of Montrose, Colorado's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the County of Montrose, Colorado, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 8, 2022.

Certified Public Accountants

Report on Internal Control over Compliance

Management of the Housing Authority of the County of Montrose, Colorado, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority of the County of Montrose, Colorado's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the County of Montrose, Colorado's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Blair and Associates, P.C.

Cedaredge, Colorado
March 8, 2022

Housing Authority of the County of Montrose, Colorado
Schedule of Findings and Questioned Costs
Year ended December 31, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified	None Noted
Significant deficiency identified	None Noted
Noncompliance material to financial statements noted	None Noted

Federal Awards

Internal Control over major programs:	
Material weakness identified	None Noted
Significant deficiency identified	None Noted

Type of auditor's report issued on compliance for major programs	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200	None Noted
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.871	Housing Voucher Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
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Auditee qualified as low risk auditee?	Yes
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Housing Authority of the County of Montrose, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS — CONTINUED
Year ended December 31, 2021

SECTION II — FINDINGS RELATED TO FINANCIAL STATEMENTS

There are no findings related to the financial statements as required by Government Auditing Standards.

SECTION III — FINDINGS RELATED TO FEDERAL AWARDS

There are no findings or questioned costs under the Uniform Guidance.

Housing Authority of the County of Montrose, Colorado
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended December 31, 2021

SECTION II — FINDINGS RELATED TO FINANCIAL STATEMENTS

None

SECTION III — FINDINGS RELATED TO FEDERAL AWARDS

None

160 Total Capital Assets, Net of Accumulated Depreciation	\$363,781	\$1,324,633	\$977,609	\$6,714	\$0	\$0	\$2,672,737	\$0	\$2,672,737
171 Notes, Loans and Mortgages Receivable - Non-Current									
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due									
173 Grants Receivable - Non Current									
174 Other Assets									
176 Investments in Joint Ventures									
180 Total Non-Current Assets	\$363,781	\$1,324,633	\$977,609	\$6,714	\$0	\$0	\$2,672,737	\$0	\$2,672,737
200 Deferred Outflow of Resources									
290 Total Assets and Deferred Outflow of Resources	\$597,172	\$2,537,237	\$1,316,882	\$263,114	\$16	\$0	\$4,714,421	-\$17,448	\$4,666,973
311 Bank Overdraft									
312 Accounts Payable <= 90 Days	\$6,829	\$36,875	\$17,365	\$16,809			\$77,878	-\$17,448	\$30,430
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable		\$8,745					\$8,745		\$8,745
322 Accrued Compensated Absences - Current Portion									
324 Accrued Contingency Liability									
325 Accrued Interest Payable									
331 Accounts Payable - HUD PHA Programs									
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government									
341 Tenant Security Deposits	\$3,546	\$8,050	\$16,595		\$16		\$28,191		\$28,191
342 Unearned Revenue							\$16		\$16
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			\$16,620				\$16,620		\$16,620
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities									
346 Accrued Liabilities - Other									
347 Inter Program - Due To									
348 Loan Liability - Current									
310 Total Current Liabilities	\$10,375	\$53,670	\$50,580	\$16,809	\$16	\$0	\$131,450	-\$17,448	\$84,002
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue									
352 Long-term Debt, Net of Current - Operating Borrowings			\$48,720				\$48,720		\$48,720
353 Non-current Liabilities - Other									
354 Accrued Compensated Absences - Non Current		\$21,987					\$21,987		\$21,987
355 Loan Liability - Non Current									
356 PAB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities									
350 Total Non-Current Liabilities	\$0	\$21,987	\$48,720	\$0	\$0	\$0	\$70,707	\$0	\$70,707
300 Total Liabilities	\$10,375	\$75,657	\$99,300	\$16,809	\$16	\$0	\$202,157	-\$17,448	\$154,709
400 Deferred Inflow of Resources									
508.4 Net Investment in Capital Assets	\$363,781	\$1,324,633	\$912,269	\$6,714			\$2,607,397		\$2,607,397
511.4 Restricted Net Position			\$193,323	\$34,623			\$227,946		\$227,946
512.4 Unrestricted Net Position	\$223,016	\$1,136,947	\$111,990	\$204,968	\$0	\$0	\$1,676,921	\$0	\$1,676,921
513 Total Equity - Net Assets / Position	\$586,797	\$2,461,580	\$1,217,582	\$246,305	\$0	\$0	\$4,512,264	\$0	\$4,512,264
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$597,172	\$2,537,237	\$1,316,882	\$263,114	\$16	\$0	\$4,714,421	-\$17,448	\$4,666,973

